ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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HIGHLIGHTS OF BUSINESS IN JUNE

The economy reached the midyear point at a high rate of activity, indicating that the total value of goods and services produced in 1957 will be somewhat above the record $412 billion of 1956. Much of this increase will be due to price advances, with both consumer and industrial prices exceeding year-earlier levels.

The principal factors sustaining the boom during the past half year seem to have been higher rates of government spending, of consumer spending, and of net foreign investment. The high levels of activity in these sectors have so far served to more than offset declines in inventory accumulation and home building.

Diverse Price Movements

A $6 per ton average increase in the price of steel was announced at the end of June by the U. S. Steel Corporation, and other steel producers seemed certain to follow. The rise, which averages 4 percent, was defended by the corporation as necessary to offset higher wage rates taking effect July 1. The action came under strong criticism from a variety of sources: Labor leaders and some members of Congress contended the increase was unnecessary, since the corporation netted almost 10 percent on sales after taxes in the first quarter of this year; other steel producers asserted that the advance was insufficient to enable them to cover higher costs and finance modernization and expansion.

While steel prices were going up, prices of nonferrous metals were going down. Copper and zinc prices were each reduced by half a cent a pound. Fuel and natural rubber prices also showed signs of weakness, whereas farm products were somewhat higher.

As a result of these diverse movements, the comprehensive Bureau of Labor Statistics index of wholesale prices in June registered little change from the May figure. However, the consumer price index advanced again, rising three-tenths of a point in May to 119.6 percent of its 1947-49 average.

New Construction Peaks

The value of new construction put in place during June rose seasonally by 8 percent to $4.4 billion. This was a new high for the month, 2 percent above the previous June peak reached last year. Expenditures for nonfarm residential additions and alterations, public utilities, and public schools reached all-time highs. In addition, outlays rose to new highs for June for various types of commercial and industrial building, highway construction, and sewer and water facilities.

Construction activity for the first six months of this year also set a new record at $21.5 billion. This represented a 3 percent gain over outlays reported for the first six months of last year. It is also equivalent on a seasonally adjusted basis to an annual rate of spending of nearly $46.8 billion, which would be slightly above last year's high.

Public construction in the first six months of this year rose 11 percent over the first half of 1956. Private building was about the same as in the first half of 1956. Declines in private home building, store construction, and farm building were offset by increases in the construction of industrial property, office buildings, and other nonresidential buildings.

State of the Auto Industry

After a rather poor start in the first quarter of this year, auto sales in May and June improved sufficiently to bring the total for the half year to 3.1 million, within 3 percent of the figure for the first half of 1956. May and June were the first months this year that sales equaled or exceeded year-ago levels, though spring sales last year were relatively low.

Auto production in the first half of this year came to 3.4 million, nearly 6 percent higher than a year ago. In the spring of 1956, however, production had been cut sharply to reduce inventories. This year inventories have moved above those of last year, as the industry apparently wishes to provide dealers with sufficient inventory to carry them until the late fall when the new models will be in full-scale production.

Crop Production Down

Output of farm crops this year is likely to be 7 percent below last year's production and at the lowest level since 1951, according to a midyear forecast of the United States Department of Agriculture. Excessive rains appear to be the principal cause of the decline, producing a drop in crop yields, while the soil bank has served to restrict total acreage somewhat.

The heavy rains have lowered prospects for corn, cotton, soybeans, wheat, and other crops. The 1957 corn crop is forecast at 3.0 billion bushels as compared with 3.5 billion last year. Wheat production is predicted at 940 million bushels as against 997 million in 1956.

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Instability of Investment

Despite all the talk of unending inflationary pressure, business activity in the aggregate has not been rising. Gross national product in the second quarter of 1957 was about $6 billion higher than in the fourth quarter of 1956, but all of this advance represents price increases. In 1956 prices, gross national product remained unchanged. If consumer and government services are excluded, it declined a little. This is the same picture presented by the index of industrial production, which declined from 147 in December to 143 in May.

The facts indicate that the vigor of the boom has dwindled into stability. To many, this represents a most happy state of affairs. Among the factors commonly cited in support of expectations of continued stability, or even of further advance, are business expenditures for new plant and equipment. This factor is becoming crucial to an over-all forecast.

Is Business Investment Still Rising?

Most analysts apparently rely on the Commerce-SEC survey of capital expenditure plans for information on what is happening in this area. The survey has indicated a continuing advance from the first quarter rate of $36.9 billion — to $37.3 billion in the second quarter and $37.9 billion in the third quarter. As an illustration of the confidence placed in these estimates, one prominent economic columnist recently published the third quarter forecast as an actual fact!

This unsuspecting faith is surprising in view of the recent record. The last four preliminary forecasts — for fourth quarter, 1956, to third quarter, 1957 — have consistently run at the $38 billion level, with only a slight decline in the most recent figure. However, the actual results have consistently fallen short of the preliminary forecasts since the second quarter of 1956. The deficiencies for the four quarters for which actual results have so far been reported — second quarter, 1956, to first quarter, 1957 — have averaged more than $1 billion at annual rates. A similar discrepancy in the third quarter would mean a slight decline from the first quarter actual.

Other kinds of information bearing on the subject do not confirm the projected rise from the first to the second quarter of this year. The machinery and transportation equipment components in the index of industrial production show significant declines. Data on manufacturers' sales and orders for the same industries are also down. Although nonresidential construction is still rising moderately, the increase hardly appears sufficient to offset the declines in equipment.

There are, admittedly, difficulties in comparing these various sets of data — relating, for example, to the portion of total output going to government rather than to industry. But specific segments for which data are available, such as machine tools and railroad equipment, tend to confirm the pattern of decline in producers' durable equipment. (See chart, page 8.)

What's Wrong With Stability?

It may seem strange that anyone should feel concerned about stability at the current high level of prosperity. The reasons for this feeling may be illustrated by quotations from a recent statement by David L. Luke, Jr., president of the American Paper and Pulp Association.

He stated that the overcapacity which is already apparent in paperboard will soon spread to white paper lines, and that capacity will be out of balance with demand for at least two years.

"It is not lack of demand but growth in capacity that is creating the problem." Industry estimates indicate that another 15 percent is being added to capacity in 1957-59. This means "that it will take demand some time to catch up with expansion."

Difficulty for the industry arises from the fact that "profits are still being squeezed because of the inability in the present competitive market to raise prices enough to offset costs."

It may be inferred that Mr. Luke's remarks were directed primarily to his associates in the industry. He was calling upon them to do something to prevent the developments feared. One of the first things that could be done to prevent the excess from growing is to curtail expansion programs.

What is his own company doing? He indicated that West Virginia Pulp and Paper was continuing with its $100 million five-year capital spending program launched in 1955. "But the program, which is aimed more at modernization than expansion, will be somewhat more limited than we originally conceived. Actually, due to higher costs, it would cost $130 million to achieve that original program."

Note that this situation did not develop out of any decline in demand. Mere stability of demand poisons high-level investment programs.

Turn in the Investment Cycle?

If this condition were confined to the paper industry, there would be no need for concern. During the past year, however, it has become more nearly the general state of affairs throughout industry. The aluminum industry, another of the leading expanders in 1956, is in a similar position. In other industries, where demand has fallen, the need for restricting new investment is accentuated. The auto industry is leading the others in the current cycle, and its investment in 1957 is expected to be down almost a fourth from 1956. Most consumer durable goods industries are also over the hump. Steel and other metals are still running high but are headed for declines in 1958. Many of the machinery industries are eating into backlogs of unfilled orders at present rates of production. The commercial group (trade, service, and finance) is also

(Continued on page 8)

TELEVISION TODAY

When the Federal Communications Commission lifted the four-year "freeze" on TV station construction in 1952 there were 108 stations, most of which were located in the larger cities. Since then the total has grown to 470 stations in 299 cities. Last year 450 commercial and 20 noncommercial stations were sending signals to nearly 46 million sets in 72 percent of the nation's households.

Industry Trends

When prices of sets dropped following World War II, the demand for sets skyrocketed. This seemingly insatiable demand at first stimulated a host of manufacturers to enter the new field. But extreme competition in the industry has forced nearly two-thirds of them either out of business or into more specialized areas of television manufacture. For example, in 1950 about 140 manufacturers produced seven million sets. Last year only 51 manufacturers remained, but they built approximately the same number of sets.

The industry's amazing growth has created rich markets for distributors, servicemen, and broadcasters. There were 105,100 retail radio and/or television dealers in 1956, an increase of nearly 10 percent from mid-1952 when the "freeze" was lifted. Likewise, the number of repair shops grew from 13,000 to 23,000 between 1948 and 1954.

Of all the mass media, only television has enjoyed sharp increases in advertising volume during the past decade. Despite TV's rapid ascent, other mass communication agencies, except radio, have managed to maintain fairly well the shares of total advertising held in 1948. Radio advertising was struck hard. For example, TV received only 1.2 percent of all advertising income in 1949 compared with radio's 12 percent. By 1955 television received 11 percent of all advertising income in the United States whereas radio earned only 6 percent of the total. Nevertheless, this sponsor shift to TV has not changed the over-all demand for radio sets since 1949 because growing popularity of auto, clock, and portable models has offset the 33 percent drop of home radio sales between 1949 and 1956. And needs of government, industry, and foreign countries also have kept production up.

Set Saturation Near?

Despite TV's seemingly endless growth, indications of approaching saturation are appearing. Nearly four out of every five sets purchased since 1946 are still in use and seven of every ten households contain one or more sets. More than 94 percent of all TV sets made since 1946 have been purchased by domestic consumers, and during the past decade there has been a steady increase in exports.

From 1946 to 1955 there was a marked shift from the 15-inch to the 21-inch screen and from table models to consoles. But with the appearance in 1955 of the portable, sales for that model vaulted 500 percent in one year and accounted for nearly 18 percent of all sets sold in 1956. Growth of portables as an inexpensive second set has reduced sales of both table models and consoles. Meanwhile, the demand for 26-inch and larger screens has waned since 1953.

Last year was the greatest year yet for picture tube sales. This occurred only because "renewals" reached an all-time high; picture tube sales for new sets have leveled off commensurately with sales of new sets since 1953.

Old Problems Still Exist

The industry continues to have its old problems. The difficulty of what to do with UHF still exists. Since not enough VHF frequencies are available to provide a national TV service, UHF stations are essential. The problem is that UHF stations cannot consistently compete with VHF stations in mixed markets. Since 1955 the FCC has been contemplating the dilemma. Recently it decided upon two solutions: (1) Change all VHF stations to UHF or (2) shift frequencies from those areas where VHF and UHF overlap, except in large cities where each of three stations should be affiliated with a major network.

The problem of pay-as-you-see TV also remains unsettled. PAYS-TV operates on the principle that the viewer "buys" programs he wants instead of receiving those preferred by sponsors. The issue, pending since 1955, has been delayed by the FCC for further study of two major aspects: the possible injury to "free" TV, and the possibility of using wire dissemination exclusively instead of using scarce spectrum channels.

Though 51 percent of the nation's stations are equipped to carry network color programs, only 4 percent of the nation's sets receive color. However, the introduction of color sets should accelerate when prices are lowered.

Television in Illinois

Illinois has been a center of TV set production since the late forties. At present the State, with 9 major set manufacturers and 13 electronic tube manufacturers, including seven in the Chicago area, provides nearly a third of the nation's set output.

The State's consumers, an avid audience, possess 2.2 million sets. Only three other states have a greater number. Seventy-seven percent of Illinois households own one or more receivers.

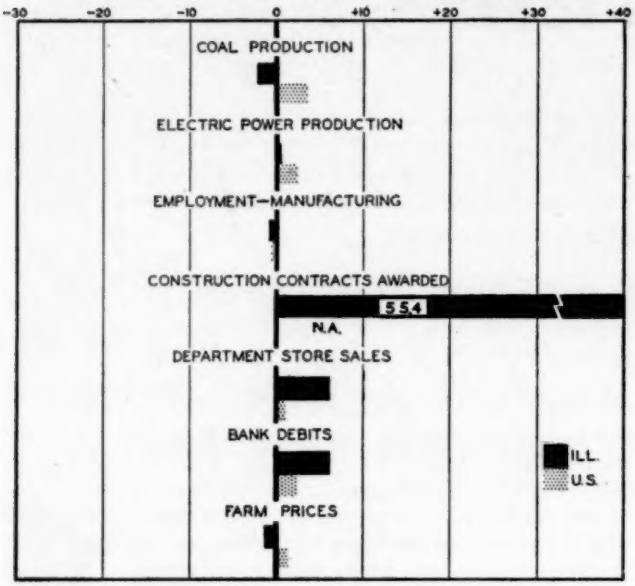
Since 1952, Illinois has added 17 stations to its "pre-freeze" five. Chicago leads with five stations on the air and three others awaiting "target dates." Peoria, Rockford, and Champaign-Urbana each have two, and single stations have been opened in Bloomington, Danville, Decatur, Harrisburg, Quincy, Rock Island, and Springfield. Evanston also has a station awaiting a "target date."

In 1954, Illinois ranked fourth in the number of stores in which TV sets are sold, with 2,595. The 1954 *Census of Business* reveals that those stores stood third in sales ($35 million) and third in number of employes (1,630). The State's lush market for TV sets has also created an equally prosperous subsidiary business — that of repair services. Although in 1954 the State ranked fifth in total number of repair shops, with 1,359, its total income of $28 million for these shops trailed only that of New York.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes April, 1957, to May, 1957



N.A. Not available.

ILLINOIS BUSINESS INDEXES

Item	May 1957 (1947-49 =100)	Percentage change from April 1957	Percentage change from May 1956
Electric power[1]	209.9	+ 0.1	− 0.7
Coal production[2]	76.7	− 2.3	− 0.7
Employment—manufacturing[3]	105.9	− 0.9	− 1.9
Weekly earnings—manufacturing[3]	153.9[a]	− 0.8	+ 3.7
Dept. store sales in Chicago[4]	119.0[b]	+ 1.7	+ 2.6
Consumer prices in Chicago[5]	122.2	+ 0.2	+ 3.0
Construction contracts awarded[6]	525.1	+55.4	n.a.
Bank debits[7]	185.7	+ 5.8	+11.2
Farm prices[8]	80.0	− 1.2	− 2.4
Life insurance sales (ordinary)[9]	302.6	+ 4.9	+37.0
Petroleum production[10]	129.1	+ 2.8	+ 1.7

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.
[a] April data; comparisons relate to March, 1957, and April, 1956. [b] Seasonally adjusted. n.a. Not available.

UNITED STATES MONTHLY INDEXES

Item	May 1957	Percentage change from April 1957	Percentage change from May 1956
	Annual rate in billion $		
Personal income[1]	340.4[a]	+ 0.3	+ 5.5
Manufacturing[1]			
Sales	343.2[a]	0.0	+ 2.9
Inventories	52.8[a, b]	+ 0.4	+ 8.6
New construction activity[1]			
Private residential	16.9	+ 8.1	+ 6.5
Private nonresidential	16.6	+ 8.3	+ 8.0
Total public	14.7	+15.7	+ 4.2
Foreign trade[1]			
Merchandise exports	22.3[c]	−13.1	+23.6
Merchandise imports	13.0[c]	− 3.4	+11.1
Excess of exports	9.3[c]	−23.8	+46.8
Consumer credit outstanding[2]			
Total credit	41.7[b]	+ 1.7	+ 7.1
Installment credit	31.9[b]	+ 1.2	+ 7.2
Business loans[3]	31.1[b]	− 0.9	+11.9
Cash farm income[3]	n.a.	....	....
	Indexes (1947-49 =100)		
Industrial production[2]			
Combined index	143[a]	− 0.7	+ 1.4
Durable manufactures	160[a]	− 0.6	+ 1.9
Nondurable manufactures	130[a]	0.0	+ 0.8
Minerals	128[a]	0.0	0.0
Manufacturing employment[4]			
Production workers	105	− 0.6	− 1.8
Factory worker earnings[4]			
Average hours worked	99	− 0.3	− 0.8
Average hourly earnings	155	0.0	+ 5.1
Average weekly earnings	154	− 0.3	+ 4.3
Construction contracts awarded[5]	n.a.	....	....
Department store sales[2]	125[a]	+ 2.5	+ 2.5
Consumer price index[4]	120	+ 0.3	+ 3.6
Wholesale prices[4]			
All commodities	117	− 0.1	+ 2.4
Farm products	90	− 1.2	− 1.5
Foods	105	+ 0.7	+ 2.5
Other	125	− 0.1	+ 3.0
Farm prices[3]			
Received by farmers	90	+ 1.1	+ 1.1
Paid by farmers	118	0.0	+ 3.5
Parity ratio	82[d]	0.0	− 2.4

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.
[a] Seasonally adjusted. [b] As of end of month. [c] Data are for April, 1957; comparisons relate to March, 1957, and April, 1956. [d] Based on official indexes, 1910-14 = 100. n.a. Not available.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1957					1956
	June 22	June 15	June 8	June 1	May 25	June 23
Production:						
Bituminous coal (daily avg.) thous. of short tons	1,713	1,717	1,670	1,618	1,594	1,690
Electric power by utilities mil. of kw-hr.	12,337	11,958	11,550	10,936	11,574	11,478
Motor vehicles (Wards) number in thous.	141	148	153	100	151	127
Petroleum (daily avg.) thous. bbl.	7,238	7,294	7,338	7,418	7,457	7,056
Steel 1947-49=100	127	128	130	131	128	133
Freight carloadings thous. of cars	747	746	733	672	723	799
Department store sales 1947-49=100	119	129	125	110	116	109
Commodity prices, wholesale:						
All commodities 1947-49=100	117.3	117.5	117.5	117.2	117.2	114.2[a]
Other than farm products and foods 1947-49=100	125.3	125.3	125.3	125.2	125.2	121.5[a]
22 commodities 1947-49=100	89.3	89.6	89.5	88.7	88.3	87.8
Finance:						
Business loans mil. of dol.	32,463	31,519	31,170	31,077	31,328	28,916
Failures, industrial and commercial number	241	265	289	225	309	245

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for June, 1956.

RECENT ECONOMIC CHANGES

Manufacturers' Sales and Inventories

Manufacturers' sales held steady in May at the April level of $28.6 billion (seasonally adjusted). Sales of durable goods were off slightly and nondurables increased. Inventories moved up another $200 million to $52.8 billion, and new orders increased by $400 billion to $28.2 billion, a level still below shipments.

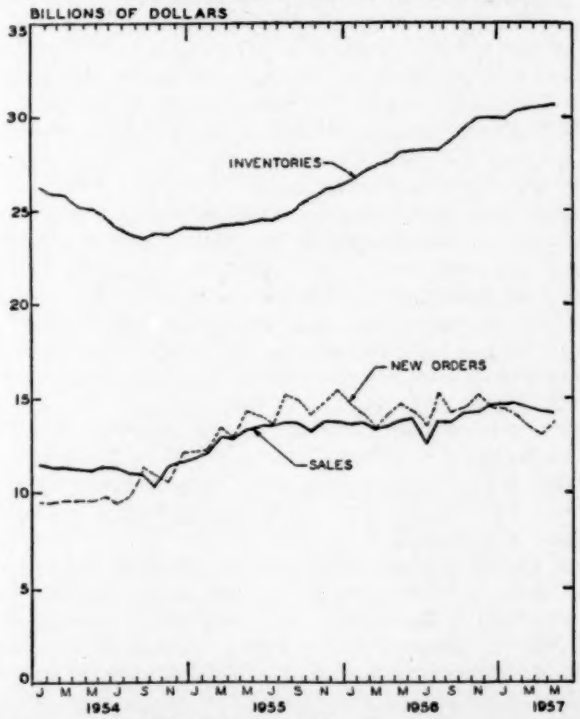
Movements of sales, orders, and inventories in durable goods industries, the more sensitive component, are depicted in the chart. Since the beginning of the year, orders have tended downward with the first increase of the year reported for May. Sales have fallen less than new business booked, and backlogs have been reduced. Although manufacturing output has fallen since January, production schedules have not yet been fully adjusted to the lower level of demand so that inventories of durable goods continued to mount into May. At the end of May the ratio of inventories to sales for durable goods industries was 2.18. This compares with a ratio of 2.04 a year ago and 1.82 in May, 1955, after the 1954 readjustment. In mid-1953, before the recession, the ratio was slightly less than 2.0.

Accuracy of Capital Outlay Anticipations

The most recent analysis of the Department of Commerce-Securities and Exchange Commission survey of capital expenditures appears in the June *Survey of Current Business*. The article summarizes the accuracy of manufacturing firms' anticipations and the reasons for departures of actual investment from programs initially reported.

The 1955 survey taken early in the year indicated a reduction in manufacturing expenditures from 1954. Actual outlays increased, however, as recovery in sales from the 1954 lows progressed. In 1955, the most important economic factors accounting for revisions in capital expenditure plans were changes in sales and earnings expectations. This was particularly true for firms that spent more than was originally planned. For firms that spent less than was anticipated, slower-than-expected construction progress was reported with greatest frequency as a reason for changes from investment anticipations. Large firms do considerably better than smaller ones in correctly anticipating plant and equipment expenditures a year in advance. This partly reflects more consistent use of capital budgets by the larger companies.

DURABLE GOODS MANUFACTURING



Source: U. S. Department of Commerce.

New Distribution of GNP

The Department of Commerce published a new breakdown of gross national product in the June *Survey*. The distribution gives GNP by durable and nondurable goods, services, and construction components. The data are further subdivided between final sales and total output including inventory changes. The estimates have been prepared in current and constant dollars for 1929-56. The breakdown is expected to prove useful for analytical purposes where it is desirable to consider the flow of goods separately from services and for appraising shifts in product composition that occur over time.

In 1956, nondurable goods and services each accounted for 34 percent of total GNP, durables made up 21 percent, and construction 11 percent. The most pronounced shift in composition between 1929 and the postwar period has been in the share of output accounted for by durables. In the postwar period durable goods have averaged over 20 percent of total production compared with less than 18 percent in 1929 and other years of the late 1920's. A major factor in the relative increase has been government purchases of military hard goods. The percentage of total outlays accounted for by producers' and consumers' durables has also averaged somewhat higher in the postwar period than in 1929. The 1956 share for services was less than in 1929, although services too averaged higher from 1947 to 1956 than at the prewar peak. This gain is again primarily attributable to government programs.

Foreign Purchases

Expanded foreign markets have provided a sizable outlet for American producers facing lagging domestic demand in recent months. Seasonally adjusted exports of goods and services totaled $6.7 billion in the first quarter, compared with $6.2 billion in the fourth quarter of last year and $5.6 billion a year ago. Imports, on the other hand, moved up only to $5.1 billion in the first quarter of 1957 from $5.0 billion in the fourth quarter and $4.9 billion a year ago.

The rise in exports was greatest in durable goods lines — iron and steel products, machinery, and vehicles — and in petroleum and agricultural products. The first quarter bulge in exports was due in part to temporary factors. The Middle East disturbances increased oil shipments abnormally, and poor harvests of wheat in Europe last summer contributed to unusual foreign demand for American wheat. Cotton exports have also been high but foreign cotton stocks have been rising in recent months. Shipments of machine tools abroad are running ahead of new foreign orders.

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ECONOMIC IMPLICATIONS OF DISARMAMENT

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As disarmament talks appear more prominently in news reports, the probable economic implications of a sharp reduction in the nation's armaments budget become a matter of increasing concern. It may be assumed that international developments will, at some time in the future, permit a 50 percent across-the-board reduction in the national security budget and that such a reduction would become effective during the next 10 years. Needless to say, making such an assumption for purposes of this discussion in no way implies that substantial disarmament may be expected within the foreseeable future. Rather, the hypothesis of defense reduction presupposes that such a policy is consistent with the nation's security interest.

A 50 percent reduction in the size of the government's defense program would have many ramifications. The following brief remarks will be focused upon the economy as a whole. It is not possible in the space available to discuss the dislocating effects such a reduction could have on certain industries or particular areas.

The Experience of the Past

Demobilization: 1944-47. One way of evaluating the probable effects of a sharp reduction in defense spending would be to look at past experience. Between the calendar years 1944 and 1947, national defense spending, expressed in 1956 prices, dropped from $147 billion to $18 billion as a result of a very swift and almost complete demobilization. During the same period, the gross national product, also measured in constant 1956 dollars, dropped only from $333 billion to $290 billion. The reduction in GNP was one-third the reduction in national defense. In other words, two-thirds of the reduction in national defense spending was offset by increases in other components of the economy. Most of the reduction in defense spending was offset by a $34 billion increase in personal consumption, by a $30 billion increase in private domestic investments, and by some rise in nondefense government programs. This gives a reassuring picture, but should not lead to erroneous conclusions.

During World War II, earnings of individuals and corporations were very high and spending was curtailed. Thus individuals and, to some extent, state and local governments entered the postwar era with ample funds and a great backlog of demand. The same situation applied to a number of foreign countries. Furthermore, the withdrawal from the labor force of large numbers of women and other temporary wartime employees permitted the absorption of much of the additional manpower released by the demobilization. In addition, because of the war manpower shortage, enterprises in the United States were seriously understaffed. All these factors contributed to the relatively smooth conversion from a wartime to a peacetime economy. None of these factors would be particularly significant if we should shift from a high armament peace economy to a reduced armament peace economy.

Reduction in Defense Spending: 1953-54. More relevant is the experience of the period 1953-54 when national security spending was curtailed by a rate of about $10 billion. The recession of 1954 was in part the result of this curtailment in defense expenditures. This experience was also significant in that the recession was mild and of short duration. Other sectors of the economy, particularly consumer spending, private construction, and state and local programs, soon expanded sufficiently to make up for the curtailment in defense spending. In part, these compensating increases reflect the operation of the so-called "built-in" stabilizers, particularly rising unemployment benefits and other payments of the government and falling Federal tax yields. In part, the expansion was the result of deliberate action by the government, such as easing credit terms, reducing tax rates, and promoting private construction.

This experience certainly disputes the thesis that the American prosperity is based exclusively on an increase in, or on the maintenance of, a high level of armament. It also proved that recovery even from a minor recession had to be promoted by deliberate fiscal and monetary policies. The experience is inconclusive, however, with respect to the economic effects of a more drastic reduction in defense programs.

A Look Ahead

For illustrative purposes three alternative full employment models of the gross national product have been prepared. One assumes no disarmament; one assumes a cut in national security programs to about one-half the present level; the third considers the possibility that security expenditures will be increased. Most of the discussion, however, will be concerned with the first two alternatives.

The calendar year 1965 will serve as the bench-mark for the projection, assuming that any major change in armament programs will take place in stages during the period beween 1960 and 1965. All estimates are expressed in 1956 prices. The accompanying table presents these alternative models.

National security expenditures in 1956 were $41.6 billion. Under present military programs, national defense spending by 1965 is estimated to rise to $46-47 billion. In a period of disarmament, however, defense expenditures are assumed to drop to $20 billion by 1965. It should be noted that the same level of full employment production is assumed for 1965 whether achieved with present or with reduced military programs.

The GNP projection for 1965 is based on the usual estimates of the increase in the labor force, increase in output per man, and so on. Alternative I assumes continuation of current programs for national security with an increase in nondefense government programs approximately in line with the rise in total production. It would indicate only a modest reduction in tax rates from present levels. Alternative II assumes that the suggested $26-27 billion reduction in national security programs is offset by an increase in personal consumption, in domestic and foreign investments, and in nondefense government programs. The figures are admittedly arbitrary and based largely on judgment.

It should be emphasized, however, that the compensatory increases would not take place automatically; they would require the support and adoption of appropriate government policies. Very large increases in consumption, investment, and government nondefense programs will be feasible and necessary over the coming decade even if defense programs continue at the present level.

The increase in all these nondefense activities would have to be $167 billion with present levels of defense programs, $193 billion with the assumed reduction in defense programs. In other words, seen in the perspective of a number of years, demobilization would not create an entirely new problem but would only add to the problems which we have to meet anyway in an economy of increasing productivity.

Promoting Compensatory Expansion

Consumption. The $120 billion increase in personal consumption between 1956 and 1965 under Assumption I would be largely accounted for by the increased earnings of a rising labor force. By 1965, about 10 million more persons will be employed with an average increase in earnings of about 2 percent a year. A moderate tax reduction would make but a modest contribution to the support of consumer buying. If, however, as is postulated in Alternative II, consumer expenditures are to be stepped up by an additional $10 billion, a policy calling for substantial tax reduction would be indicated. In this connection, those reductions in tax rates which would directly add to consumer purchases would be most effective, that is, reductions in excise taxes or in individual income taxes with particular emphasis on the lower income brackets. Since, as seems reasonable, some of this tax reduction would be used to increase savings, then the magnitude of the tax reduction would have to be correspondingly larger than the desired $10 billion increase in consumption suggested in our model.

Private Domestic Investment. The increase in private domestic investment — including business investment and residential construction — cannot be expected to occur automatically. A curtailment in defense contracts would suggest a reduction of investments in defense and defense-supporting industries. Because of the increase in private consumption, some additional private investment would be induced in industries producing consumer goods. However, only the most optimistic assumption would hold that these increases would exactly offset the curtailment resulting from the reduction in defense programs. To achieve such a compensating increase would probably require the development of special incentives, such as tax concessions in favor of more rapid expansion and modernization of plants and equipment. In addition, lending programs in support of residential construction and similar measures to encourage investment could be adopted.

Net Foreign Investment. A substantial disarmament program would presumably take place only if international tension were relaxed and if a further relaxation could be expected in turn as a result of the disarmament. Conditions would thus be created in which a significant increase in private capital export could be expected.

Any realistic appraisal of disarmament must presume that a reduction in defense spending and international tension will encourage an increase in private and possibly public capital export. In 1956, for example, about $2.9 billion was spent by the military in foreign countries, either by our troops overseas for purchase of foreign goods and services in the construction and maintenance of installations overseas, or for offshore procurement, military mutual support, and so on. A reduction in national defense spending presumably would reduce the amount of dollars available to foreign countries and may increase the need of some of these countries for loans and outside capital investment. Peaceful developments assumed, the ability of the United States to supply this capital should be greatly increased.

Hence the $2.6 billion increase in net foreign investment assumed in Alternative II over 1956 may appear modest. However, if disarmament takes the form of a gradual shift beginning before the year 1965, a significant increase in United States foreign investment would already have occurred prior to 1965. The assumed level of receipts by the United States resulting from those foreign investments would clearly be substantial by 1965. The $4 billion net investment assumed in Alternative II would, therefore, imply that the level of gross capital export would exceed those receipts by $4 billion. In other words, the gross capital export would have to rise substantially.

Nondefense Government Programs. Alternative II assumes an increase in nondefense spending by Federal, state, and local governments of about $35 billion in 1965 over 1956. This appears as a very large increase indeed. As a share of GNP, however, nondefense government spending would increase only from 9.3 percent in 1956 to 12.7 percent in 1965. It would not be difficult to apply this increase in expenditures to useful and needed projects. Glaring deficiencies currently exist in our public programs for education, medical facilities, water resources, conservation measures, transportation, and recreational facilities. The Department of Commerce has recently estimated that a total of $200 billion in expenditures over a 10-year period will be needed if urgent deficiencies in state and local programs are to be met. With rising population — especially in the metropolitan areas — all levels of government will face formidable tasks in the next few decades.

Gross National Product
Calendar Year 1956 and Alternative Projections for 1965
(Billions of 1956 dollars)

Item	1956	1965			Difference between 1965 I and II	Change between 1956 and 1965 II
		I	II	III		
Gross national product	412.4	584.0	584.0	600.0	0	+171.6
National security expenditures	41.6	46.5	20.0	66.5	−26.5	− 21.6
Personal consumption	265.8	385.0	395.0	377.5	+10.0	+129.2
Private domestic investment	65.3	88.0	91.0	95.0	+ 3.0	+ 25.7
Foreign net investment	1.4	1.5	4.0	1.0	+ 2.5	+ 2.6
Government purchases, other than for national security	38.3	63.0	74.0	60.0	+11.0	+ 35.7

Sources: 1956, *Economic Report of the President*, January, 1956; 1965, National Planning Association.

The seriousness of the problem has been set forth in a recent joint statement of the National Planning Association signed by more than a hundred leaders in agriculture, business, labor, and the professions. This statement, entitled "National Investment for Economic Growth," points out that during recent years we have neglected to provide adequately for those public services which are of greatest value for promoting rising productivity of the people and of our industrial plant and resources. "It would be a tragic paradox," the statement says, "if a nation, which emphasizes the role of private enterprise in economic growth, permits these defi-

ciencies to continue and thereby fails to give private enterprise the public support it needs to carry out its functions."

The following estimates for those areas in which future additions to government expenditures may be most appropriate in the event of a substantial reduction in armaments are offered only as a very rough indication of possible increases in nondefense programs, particularly of state and local governments. Alternative II for 1965 assumes a $36 billion increase in our nondefense programs over those of the base year 1956. The increase could be broken down as follows:

	Billions
Highways, skyways, metropolitan access roads, and other means of transportation	$ 8.0
School construction	4.0
Education, operating expenses	11.0
Urban water supply and water conservation	3.0
Hospitals	2.5
Miscellaneous public works	2.5
Other government activities (excluding social security benefits and interest payments)	5.0
Over-all increase	$36.0

These nondefense government expenditure programs are of particular strategic importance for our problem because they are under the most direct influence of the government. Spending in these areas of economic activity could be slowed down if other elements should show an unexpected increase. If other increases do not come up to expectation, spending could be accelerated. The existence of such great deficiencies in these fields should silence those who maintain that we cannot afford disarmament because it would lead to mass idleness.

Summary

Under present conditions we must be prepared, and well prepared, to meet a possible increase in international tension. And yet, we should also be prepared, and well prepared, to make adjustments to a reduction in armament.

Consideration should be given to preparing specific policy measures which could be adopted in order to facilitate the adjustment of the economy to a possible major cut in national security spending:

(1) A tax reduction program to support consumer purchasing power and to promote business investment;

(2) A credit and monetary policy designed to promote residential construction and state and local government investments;

(3) A substantial increase in productive government nondefense programs on the Federal, state, and local government levels.

In a growing economy we shall have to deal with problems of tax, fiscal, credit, wage, and price policies, whether defense spending is increased, reduced, or maintained at present levels. There will also be problems related to specific areas and specific industries.

American prosperity does not rest on high armament. We are capable economically of affording high and even rising programs for national defense if the international situation requires it. We can also afford disarmament if the international situation permits it and if we are prepared to adopt the measures necessary to facilitate the transition to a truly peacetime economy. There are many urgent tasks which because of high levels of defense spending can now be met only inadequately. We should welcome the possibility of redirecting to these tasks some of the resources now used for armament.

Instability of Investment

(Continued from page 2)

cutting back, making a delayed retreat in line with the decline in home building.

The industries still showing definite tendencies toward advance are primarily three: chemicals, petroleum, and electric utilities. None of these is immune to the kind of developments described. Chemicals and petroleum are complex industries in which some segments have reached the point of saturation while others are still advancing. Electric power is a special case because of the long period required for expansion. Present plans will produce surplus capacity by the end of 1958 even if power use continues upward at the rates of recent years; but so far in 1957, the rate of advance has distinctly slowed. In the last boom, the peak of investment expenditures in the utilities was reached in 1930, after the economy generally had turned down.

There is nothing in sight to prevent further declines in the segments that have already turned down or to keep the advancing segments steady at the highs. Once an over-all decline gets under way, it will react on all the segments to accelerate program cutbacks. The prospective decline in fixed investment from the present peak promises to dominate business developments for the next two or three years. VLB

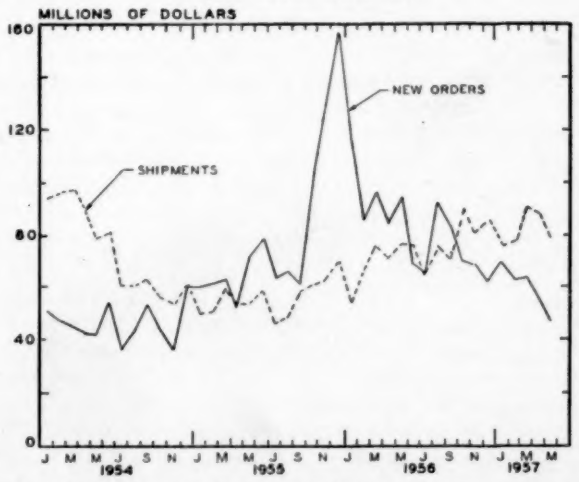
Recent Economic Changes

(Continued from page 5)

Tool Demand Off

The precipitous decline in new orders for machine tools evident since the end of 1955 continued into May (see chart). New orders declined 17 percent in May to $45.9 million. This was less than half the year-ago volume and was close to the 1954 average. Shipments also dropped back in May, to $78.7 million from $87.8 million in April. Shipments so far in 1957 have averaged about $85 million a month, well above new orders. As a result, backlogs of unfilled orders have been trimmed considerably. In May the industry estimated its backlog to be 4.6 months' work at the current rate of shipments. This compares with the 1956 peak of 8.6 months and the 1954 low of 3.1 months. Three months is the smallest backlog experienced by the industry in the postwar period.

MACHINE TOOLS



Source: National Machine Tool Builders' Assn.

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Office Tips

Recent publications aimed at more efficient office procedures include *Practical Office Timesavers,* a 279-page book compiled by the National Office Management Association. Each short-cut suggestion is accompanied by a before-and-after description indicating benefits that can result from the adoption of each of a variety of methods. Such topics as filing, billing, typing, tabulating, purchasing, and paying are covered. This book, priced at $5, is available from the McGraw-Hill Book Company, 330 West 42nd Street, New York 36.

The *Manual of Office Reproduction* outlines reproduction processes and imprinting methods such as photocopying, microfilming, data processing equipment, punched tape, and automatic typewriters. The author, Irvin A. Herrmann, has included a comprehensive table which indicates the advantages and limitations of each process. The manual is available for $3.25 from the Office Publications Company, 232 Madison Avenue, New York 16.

A free booklet, *The Tape Recorder in Business and Industry,* is available from the Minnesota Mining and Manufacturing Company, Department M7-108, 900 Bush Avenue, St. Paul. This 41-page booklet explains time- and money-saving possibilities available through the use of tape recorders in the areas of management communications; methods and procedures; personnel, sales, advertising, and public relations departments; and factories.

Peak Male Income

The median income of men reached an all-time high of $3,600 in 1956, according to the United States Bureau of the Census. This record level represented a gain of about $250 over that of the previous year and was double the $1,800 median for 1945. In contrast, the median income of women in 1956 was $1,100, about the same as in the preceding four years and 27 percent above the 1945 figure. Although wage rates had also increased sharply for women during the postwar period, the effect has been partially offset by a rising proportion of part-time workers.

A similar picture of sharp pre-tax income gains for men and little change for women was recorded in the median figures for both farm and nonfarm residents. Income for farm men reached $1,500, a gain of $120 over 1955, whereas the income of women remained at $500. Income for nonfarm men jumped $250 to $3,900, with that of women remaining at about $1,300.

Safety First

The ABC of Fire Protection outlines the advantages of fire protection systems and includes an explanation of economic benefits such as insurance savings which are afforded by proper fire protection. Available from "Automatic" Sprinkler Corporation of America, Youngstown 1, Ohio, this 36-page, illustrated booklet covers the complete range of "Automatic" protection components and systems and their various applications.

Zonalarm, an automatic fire alarm system designed primarily to meet the needs of semicommercial buildings, small businesses, and medium-size and small factories, is manufactured by the Edwards Company, Inc., 90 Connecticut Avenue, Norwalk, Connecticut. Each detector protects approximately 400 square feet of unrestricted area. The installation warns of fire immediately, shows its location, and switches automatically to battery operation in the event of power failure, according to the producer.

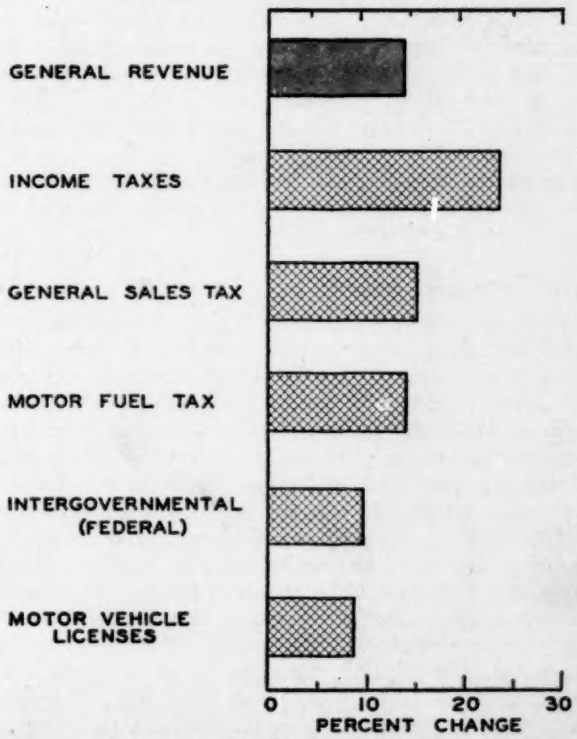
Another type of protection is gained through the use of a window lock obtainable from Pilgrim Products Company, 10 Clarence Street, Worcester 5, Massachusetts. The locks are made to fit all standard-size wooden-frame windows, and the manufacturer states that these locks cannot be forced or pried open. Two-lock packages are priced at $1.

Increasing Revenue

General revenue of state governments climbed to an all-time high of $18.4 billion in fiscal 1956, an increase of 13.6 percent over the 1955 amount. All major sources contributed to the 1955-56 rise (see chart). The largest percentage and absolute gains were recorded in income tax receipts, both individual and corporate, which rose by nearly one-fourth ($433 million). General sales and motor fuel taxes also had above-average advances. On the other hand, receipts from motor vehicle licenses and intergovernmental revenue from the Federal government recorded lesser gains. A major part of the advance in intergovernment revenue resulted from larger Federal grants for highways and education.

Some increase in general revenue was reported for each of the 48 states. Gains of one-fifth or more were recorded in Alabama, Arizona, Idaho, Maryland, Nevada, Oregon, and Wisconsin. Total Illinois general receipts increased nearly one-sixth.

STATE GENERAL REVENUE
Percent change, 1955 to 1956



Source: Bureau of the Census, *Compendium of State Government Finances in 1956.*

LOCAL ILLINOIS DEVELOPMENTS

Illinois business activity was maintained at an even level during May, with most major indexes moving in a narrow range. Coal production showed the greatest decline, slightly more than 2 percent, and construction contracts awarded jumped more than 55 percent, the only indicator to gain more than 6 percent.

Year-ago comparisons indicated higher 1957 rates of activity in most segments of the Illinois economy. Life insurance sales showed a substantial gain, 37 percent; business loans at leading Chicago banks and bank debits rose more than 10 percent.

Elevators — Large and Small

A 6.5 million bushel elevator, representing an $8 million investment, was recently opened in Chicago. Leased to the Illinois Grain Corporation, the Gateway elevator has eight dock spouts capable of loading vessels at the rate of 100,000 bushels an hour. Additional facilities are 14 miles of roads, 500,000 square feet of warehouses and sheds, and 6,000 feet of dockage.

This structure is one phase of the $24 million Lake Calumet expansion program. The completion of the St. Lawrence Seaway and improvements on the Illinois inland waterway system could make storage facilities at this point of great economic value.

An elevator on a smaller scale is nearing completion at Carlinville, Illinois. The new $96,000 structure, built by the Macoupin Elevator Company, will replace one destroyed by fire in 1956.

Atoms for Peace

The world's largest all-nuclear power station, which will cost $45 million, is scheduled for completion in 1960. To be owned and operated by Commonwealth Edison, the Dresden Nuclear Power Station is co-sponsored by seven other power companies. It is located on 950 acres of land near Morris, Illinois, and will be in the shape of a 190-foot sphere. The 60 tons of uranium that will be used as a six-year fuel supply is equivalent to more than 3 million tons of coal. A 40-year uranium supply has been allocated by the Atomic Energy Commission.

Estimated power cost is approximately three-quarters of a cent per kilowatt-hour. This is comparable with the cost of a coal-fired plant.

Corn Tests and Results

Tests are in progress at the University of Illinois to determine under what circumstances it is practical to eliminate plowing of corn fields and how much to eliminate. An estimated $1 per acre is saved for each trip dropped. Four plots representing conventional plowing, plow harrow plant, plow plant, and press wheel plant indicate no discernible difference between the methods. Thus minimum tillage of corn appears to be promising.

The value of deep tillage is being tested at the Cooperative Agronomy Research Center at Southern Illinois University. In a plot 30 by 100 feet, the top 36 inches of soil was removed, mixed together, and divided into five parts for the controlled application of fertilizers. The corn planted in 1956 in the restored earth showed that fertilizer doubled the yield, and deep tillage absorbed water faster. However, the roots followed the fertilizer and not the tillage. Consequently, the value of deep tillage appears to be dubious.

In another set of tests, attempts have been made to find ways to control corn insects. Since 1949, the Illinois Natural History Survey has worked on the problem of controlling such pests as wireworms, rootworms, and white grubs by means of insecticide treatments of the soil before planting. At planting time in 1953, experiments were begun in which liquid and granular forms of the insecticides aldrin and heptachlor were applied by row treatment and broadcast methods. Records showed the insecticides to be 75 to 98 percent effective with an average increase of 700 plants per acre. Only half of this number would have been sufficient to pay for the treatment costs.

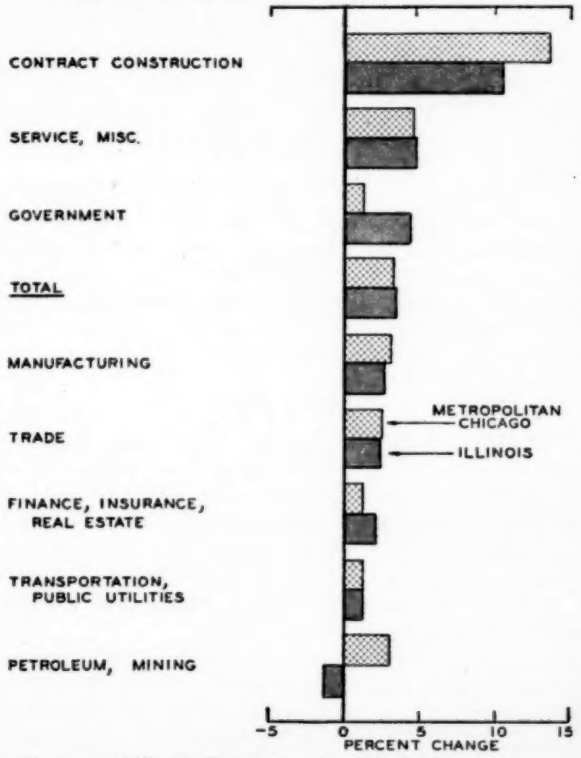
Nonagricultural Employment

Total nonagricultural employment in Illinois averaged 3.5 million in 1956, a new high, according to the Illinois Department of Labor. The 1956 figure represented an increase of more than 3 percent over the previous high established in 1955.

Employment in manufacturing industries, averaging about 1.3 million, accounted for one-third of the increase and represented nearly two-fifths of total nonagricultural employment in 1956. Durable goods dominated the picture with a gain of 35,000; little change was reported for nondurables. Together with advances in employment in manufacturing industries, gains in contract construction, service and miscellaneous industries, and the transportation-communication-public utilities group accounted for nearly 85 percent of the total increase.

The greatest relative change was recorded in contract construction, which rose more than 10 percent (see chart). Illinois service and government categories also had above-average gains.

NONAGRICULTURAL EMPLOYMENT



Source: Illinois Department of Labor.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

May, 1957

		Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS		**$37,303**[a]	**1,081,905**[a]	**$604,203**[a]		**$16,236**[a]	**$12,838**[a]
Percentage change from	Apr., 1957	*−1.2*	*−2.0*	*+4.7*	*+6*	*+5.8*	*−8.0*
	May, 1956	*−10.7*	*+3.1*	*+11.0*	*+2*	*+11.2*	
NORTHERN ILLINOIS							
Chicago		**$27,530**	**823,876**	**$442,230**		**$14,846**	**$11,176**
Percentage change from	Apr., 1957	*+12.6*	*−1.1*	*+4.0*	*+8*	*+5.8*	*−8.1*
	May, 1956	*+0.3*	*+3.8*	*+10.8*	*+3*	*+11.5*	
Aurora		**$ 129**	n.a.	**$ 8,655**		**$ 67**	**$ 128**
Percentage change from	Apr., 1957	*−78.6*		*+2.6*	*−8*	*+9.9*	*−10.1*
	May, 1956	*−77.3*		*+7.8*	*0*	*+10.2*	
Elgin		**$ 767**	n.a.	**$ 6,400**		**$ 44**	**$ 92**
Percentage change from	Apr., 1957	*+17.6*		*+2.3*	*−7*	*+10.7*	*+0.7*
	May, 1956	*+41.0*		*+14.9*	*−3*	*+11.1*	
Joliet		**$ 810**	n.a.	**$12,522**		**$ 82**	**$ 83**
Percentage change from	Apr., 1957	*+65.3*		*+2.9*	*−1*	*+6.2*	*−11.2*
	May, 1956	*+70.9*		*+8.3*	*−3*	*+5.3*	
Kankakee		**$ 422**	n.a.	**$ 5,334**		n.a.	**$ 44**
Percentage change from	Apr., 1957	*+126.9*		*+10.5*	n.a.		*−6.2*
	May, 1956	*+78.1*		*+11.3*			
Rock Island-Moline		**$1,073**	**22,089**	**$10,655**		**$ 106**[b]	**$ 123**
Percentage change from	Apr., 1957	*−16.0*	*−11.3*	*+5.4*	n.a.	*+10.4*	*−18.4*
	May, 1956	*+21.5*	*+3.7*	*+13.3*		*+14.5*	
Rockford		**$1,689**	**42,490**[c]	**$20,483**		**$ 195**	**$ 186**
Percentage change from	Apr., 1957	*+15.3*	*−4.6*	*+7.1*	n.a.	*+13.0*	*−19.7*
	May, 1956	*−57.8*	*+1.8*	*+10.5*		*+12.1*	
CENTRAL ILLINOIS							
Bloomington		**$ 158**	**8,103**	**$ 6,000**		**$ 66**	**$ 85**
Percentage change from	Apr., 1957	*+46.3*	*−4.4*	*+12.8*	n.a.	*+2.8*	*−1.4*
	May, 1956	*−56.8*	*+2.6*	*+15.5*		*+8.3*	
Champaign-Urbana		**$ 521**	**9,955**	**$ 8,729**		**$ 68**	**$ 95**
Percentage change from	Apr., 1957	*−32.4*	*−11.0*	*+10.9*	n.a.	*+5.0*	*+7.7*
	May, 1956	*−4.9*	*−0.2*	*+18.8*		*+0.9*	
Danville		**$ 202**	**10,997**	**$ 6,869**		**$ 49**	**$ 61**
Percentage change from	Apr., 1957	*+9.8*	*−11.0*	*+14.9*	*−12*	*−0.5*	*+9.0*
	May, 1956	*−54.2*	*+10.0*	*+17.4*	*+3*	*−0.0*	
Decatur		**$ 787**	**31,321**	**$13,566**		**$ 120**	**$ 99**
Percentage change from	Apr., 1957	*−48.6*	*−4.1*	*+11.6*	*−5*[c]	*+7.5*	*−9.7*
	May, 1956	*−40.3*	*−2.7*	*+17.1*	*+1*[c]	*+3.0*	
Galesburg		**$ 401**	**8,392**	**$ 4,660**		n.a.	**$ 32**
Percentage change from	Apr., 1957	*+56.0*	*−2.4*	*+7.0*	n.a.		*−7.1*
	May, 1956	*+17.3*	*+3.0*	*+17.3*			
Peoria		**$ 906**	**52,106**[c]	**$18,706**		**$ 231**	**$ 206**
Percentage change from	Apr., 1957	*−73.7*	*−3.6*	*+2.0*	*−4*[c]	*+0.1*	*−20.5*
	May, 1956	*+164.9*	*+0.4*	*+7.9*	*−7*[c]	*+3.6*	
Quincy		**$ 310**	**9,742**	**$ 5,302**		**$ 43**	**$ 52**
Percentage change from	Apr., 1957	*−64.6*	*−2.6*	*+9.3*	*−9*	*+1.4*	*−21.6*
	May, 1956	*+9.5*	*+13.1*	*+7.8*	*−4*	*+8.4*	
Springfield		**$ 468**	**30,683**[c]	**$14,721**		**$ 124**	**$ 261**
Percentage change from	Apr., 1957	*+12.5*	*−5.0*	*+10.7*	*0*[c]	*+1.4*	*+19.9*
	May, 1956	*−79.1*	*−3.5*	*+11.7*	*−2*[c]	*+10.7*	
SOUTHERN ILLINOIS							
East St. Louis		**$ 254**	**11,110**	**$ 9,734**		**$ 153**	**$ 52**
Percentage change from	Apr., 1957	*+13.9*	*−0.2*	*+7.0*	n.a.	*+0.1*	*+3.2*
	May, 1956	*−77.1*	*−11.7*	*+11.1*		*+8.9*	
Alton		**$ 110**	**13,583**	**$ 4,711**		**$ 43**	**$ 26**
Percentage change from	Apr., 1957	*−44.7*	*−0.3*	*−5.2*	n.a.	*+8.4*	*−16.8*
	May, 1956	*−50.2*	*+4.0*	*−0.5*		*+0.9*	
Belleville		**$ 766**	**7,458**	**$ 4,926**		n.a.	**$ 37**
Percentage change from	Apr., 1957	*−1.0*	*−4.0*	*+3.9*	n.a.		*−8.9*
	May, 1956	*+240.4*	*+19.7*	*+15.6*			

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2] Local power companies. [3] Data for April, 1957. Comparisons relate to March, 1957, and April, 1956. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting period ending May 31, 1957.

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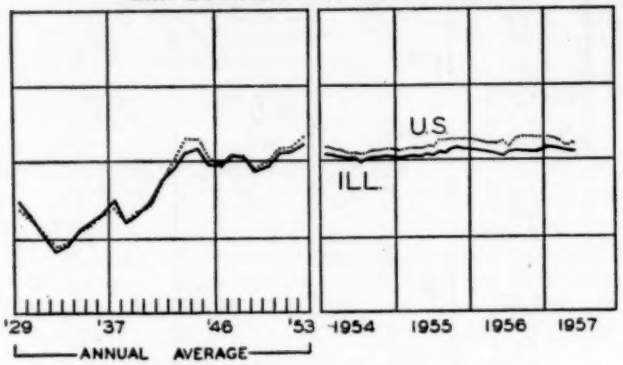
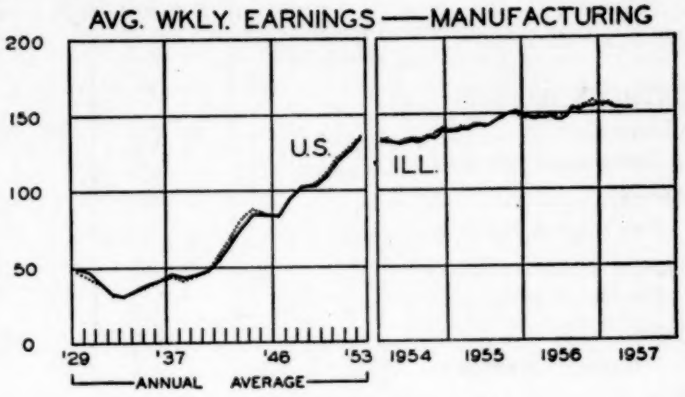
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

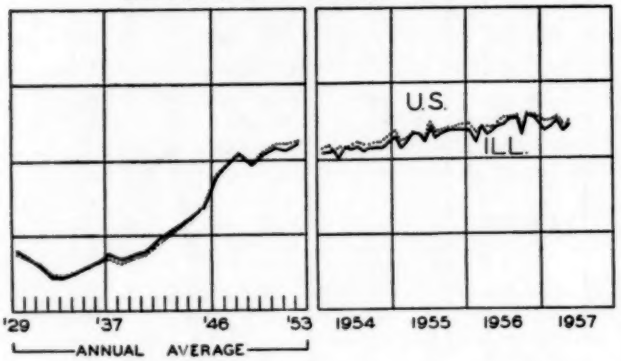
EMPLOYMENT—MANUFACTURING



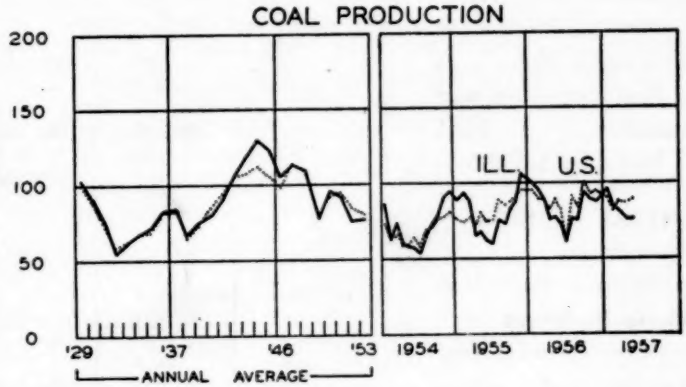
AVG. WKLY. EARNINGS—MANUFACTURING



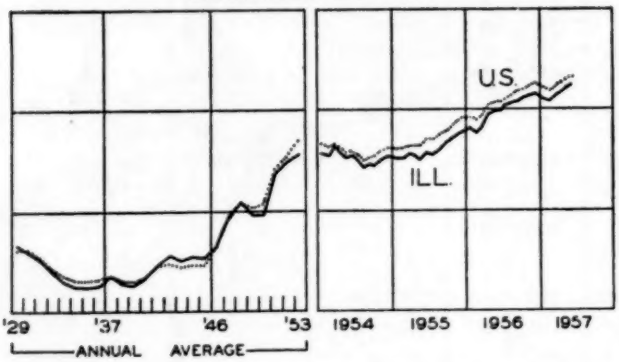
DEPARTMENT STORE SALES



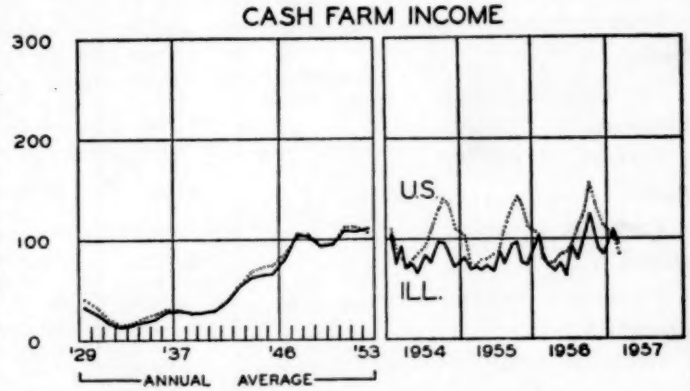
COAL PRODUCTION



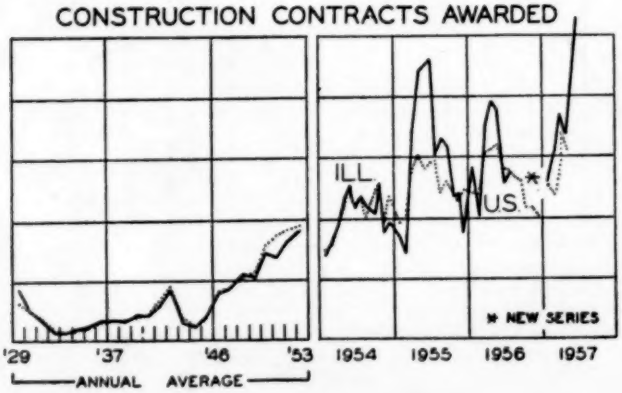
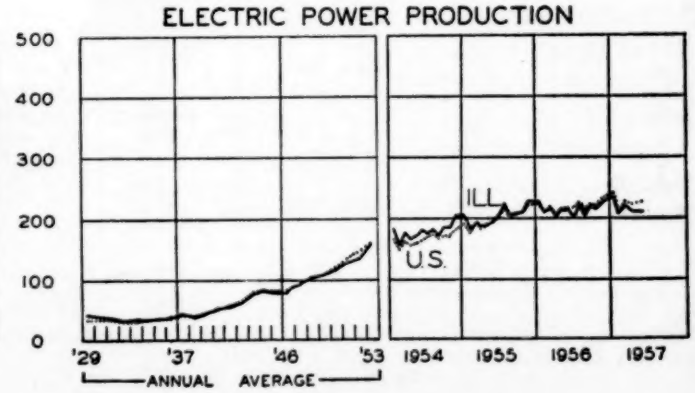
BUSINESS LOANS



CASH FARM INCOME



CONSTRUCTION CONTRACTS AWARDED



ELECTRIC POWER PRODUCTION